APPENDIX D

Valuation Analysis

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VALUATION ANALYSIS

Rothschild Inc. ("Rothschild") has prepared a valuation analysis (the "Valuation") of the estimated value of the Reorganized Debtors on a going-concern basis for the purpose of evaluating whether the Plan meets the so-called "best interests test" under Section 1129(a)(7) of the Bankruptcy Code.

1. Overview

In preparing the Valuation, Rothschild has, among other things: (a) reviewed certain recent available financial results of the Debtors, (b) reviewed certain internal financial and operating data of the Debtors, including the most recent business Projections prepared and provided by the Debtors' management to Rothschild relating to the Debtors' businesses and their prospects, (c) discussed with certain of the Debtors' senior executives the current operations and prospects of the Debtors, (d) discussed with certain of the Debtors' senior executives key assumptions related to the Projections, (e) prepared discounted cash flow analyses based on the Projections, utilizing various discount rates, (f) considered the market value of certain publicly-traded companies in businesses reasonably comparable to the businesses of the Debtors, (g) considered the applicability of certain precedent change-in-control transactions for businesses similar to the Debtors, (h) separately valued and accounted for the New Warrants utilizing the standard Black-Scholes methodology, (i) considered certain economic and industry information relevant to the Debtors' businesses, (j) conducted such other analyses as Rothschild deemed necessary and/or appropriate under the circumstances, and (k) considered a range of potential risk factors.

Rothschild assumed, without independent verification, the accuracy, completeness, and fairness of all of the financial and other information available to it from public sources or as provided to Rothschild by the Debtors or their representatives. Rothschild also assumed that the Projections have been reasonably prepared on a basis reflecting the Debtors' best estimates and judgment as to future operating and financial performance. Rothschild did not make any independent evaluation of the Debtors' assets; neither did Rothschild independently verify any of the information it reviewed. Rothschild does not make any representation or warranty as to the fairness of the terms of the Plan.

In addition to the foregoing, Rothschild relied upon the following assumptions with respect to the Valuation:

- The Debtors are able to maintain adequate liquidity to operate in accordance with the Projections;
- The key terms and conditions of the Exit Financing are consistent with those described in Exhibit A to the Plan;
- The Debtors operate consistently within the level specified in the Projections;
- Future values are discounted to January 31, 2011;
- The Effective Date of the Plan is January 31, 2011 (the "Assumed Effective Date");
- The pro forma net debt on the Effective Date is expected to be approximately $303 million, consisting of approximately $3 million drawn under the Exit Revolving Credit Facility and $300 million of debt under the New Second Lien Term Loan Facility;
- General financial and market conditions as of the Assumed Effective Date will not differ materially from those conditions prevailing as of October 27, 2010 (the "Valuation Date");
- Rothschild has not considered the impact of a prolonged bankruptcy case and has assumed the Debtors' operations will continue in the ordinary course consistent with the Projections; and
- Rothschild did not prepare a valuation analysis or other potential outcomes under alternative scenarios such as a prolonged bankruptcy case or a partial or full break-up and sale of the various businesses of the Debtors.

2. Estimate of Value

As a result of such analyses, review, discussions, considerations, and assumptions, Rothschild estimates the total enterprise value ("TEV") of the Reorganized Debtors at approximately $335 million to $395 million with a midpoint of $365 million. Rothschild reduced such TEV estimates by the projected pro forma net debt levels of the Reorganized Debtors (approximately $303 million) to estimate the implied reorganized equity value of Reorganized RHI ("Reorganized Equity Value"). Rothschild estimates the Reorganized Equity Value of the Reorganized Debtors at approximately $32 million to $92 million, and after deducting

the estimated value for the New Warrants ("Distributable Reorganized Equity Value") is estimated at approximately $32 million to $91 million. The Distributable Reorganized Equity Value is subject to dilution as a result of the implementation of the New Management Equity Incentive Plan. For purposes of determining the distributions contemplated under the Plan, Rothschild used an indicative TEV of the Reorganized Debtors of approximately $365 million, the midpoint of the TEV range.

Illustrative TEV Range	Low	Mid	High
($ in millions)			
Total Enterprise Value	$335	$365	$395
Less: Exit Revolving Credit Facility	3	3	3
Less: New Second Lien Term Loan Facility	300	300	300
Net Debt	$303	$303	$303
Total Reorganized Equity Value	$32	$62	$92
Less: Value of New Warrants	(0)	(0)	(1)
Distributable Reorganized Equity Value	$32	$62	$91

These estimated ranges of values are based on a hypothetical value that reflects the estimated intrinsic value of the Reorganized Debtors derived through the application of various valuation methodologies. The implied Reorganized Equity Value ascribed in this analysis does not purport to be an estimate of any post-reorganization market trading value. Any such trading value may be materially different from the implied Reorganized Equity Value ranges associated with Rothschild's valuation analysis. Rothschild's estimate is based on economic, market, financial, and other conditions as they exist on, and on the information made available as of, the Valuation Date. It should be understood that, although subsequent developments may affect Rothschild's conclusions, before or after the Confirmation Hearing, Rothschild does not have any obligation to update, revise, or reaffirm its estimate.

3. Valuation Methodology

The following is a brief summary of certain financial analyses performed by Rothschild to arrive at its range of estimated TEVs. This Valuation must be considered as a whole and should be read in conjunction with the Plan and this Disclosure Statement. Rothschild has assigned a weighting to each methodology to arrive at its TEV range to reflect Rothschild's view of the appropriateness of each methodology for the Debtors' circumstances.

a. Comparable Company Analysis

The comparable companies analysis estimates the value of a company based on a comparison of such company's financial statistics with the financial statistics of publicly-traded companies having characteristics similar to those of the particular company being analyzed (the "Comparable Company Analysis"). Criteria for selecting comparable companies for this analysis include, among other relevant characteristics, similar lines of business, business risks, growth prospects, maturity of businesses, market presence, size, and scale of operations. The analysis establishes benchmarks for valuation by deriving financial multiples and ratios for the comparable companies, standardized using common variables such as revenue or earnings before interest, taxes, depreciation, and amortization ("EBITDA"). The Debtors use "Adjusted EBITDA" as a better measure of operating performance. Adjusted EBITDA represents EBITDA before amortization of film production costs and reduction of capitalized film production costs net of changes in accrued film production costs during the applicable period.

Recognizing that there are few companies directly comparable to the Debtors, Rothschild selected companies in the media sector that have similar attributes as the Debtors. In evaluating comparable publicly-traded companies, Rothschild used a range of approximately 8.5x to 10.5x multiples of FY2011 Adjusted EBITDA of $33.7 million for its comparable company analysis. Rothschild believes that FY2011 Adjusted EBITDA is the most relevant metric for the comparable company analysis since the Debtors' FY2010 Adjusted EBITDA has been negatively impacted by the financial restructuring of the Debtors and likely does not represent an accurate earnings capability of the Reorganized Debtors.

b. Precedent Transactions Analysis

Rothschild considered a valuation analysis based upon precedent transactions or comparable transactions, which estimate value by examining public merger and acquisition transactions that involve companies similar to the Reorganized Debtors. Under the methodology, the enterprise values of such companies are determined by an analysis of the consideration paid and the debt assumed in the merger, acquisition or restructuring transaction. As in a comparable company valuation analysis, the precedent transaction

analysis establishes benchmarks for valuation by deriving financial multiples and ratios, standardized using common variables such as revenue or EBITDA. These derived multiples are then applied to the Reorganized Debtors' operating statistics to determine TEV.

Factors not directly related to a company's business operations can affect a valuation based on precedent transactions, including (i) circumstances surrounding a merger transaction may introduce other motivations for higher premiums (e.g., a buyer may pay an additional premium for reasons that are not solely related to competitive bidding); (ii) the market environment is not identical for transactions occurring at different periods of time; and (iii) circumstances pertaining to the financial position of the company may have an impact on the resulting purchase price (e.g., a company is in financial distress and may receive a lower price due to weaker negotiating leverage).

Based upon its review of precedent comparable transactions, Rothschild used a range of approximately 8.5x to 9.5x multiples of FY2011 Adjusted EBITDA for its precedent transactions analysis.

c. Discounted Cash Flow Analysis

The discounted cash flow analysis ("DCF") estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. The DCF discounts the expected cash flows by a theoretical or observed discount rate. This approach has two components: (i) calculating the present value of the projected unlevered after-tax free cash flows for a determined period of time and (ii) adding the present value of the terminal value of the cash flows. The terminal value represents the portion of TEV that lies beyond the time horizon of the available projections.

The DCF calculations were performed on unlevered after-tax free cash flows for the period beginning January 31, 2011 (the Assumed Effective Date) through December 31, 2014, discounted to the Assumed Effective Date. Rothschild used the Projections for performing these calculations.

In performing the DCF calculation, Rothschild made assumptions for: (i) the weighted average cost of capital (the "Discount Rate"), which is used to calculate the present value of future cash flows, (ii) the terminal Adjusted EBITDA multiple, which is used to determine the value of the Reorganized Debtors represented by the time period beyond 2014 (the year through which projections have been prepared), and (iii) a perpetuity growth rate, which is used to determine the value of the Reorganized Debtors represented by the time period beyond 2014. Rothschild calculated a Discount Rate based on a traditional cost of equity capital calculation using the Capital Asset Pricing Model. Based on this methodology, Rothschild used a discount rate of approximately 14% for the Reorganized Debtors, which reflects a number of company- and market-specific factors, and is calculated based on the cost of capital for companies that Rothschild deemed comparable. To calculate the terminal value, Rothschild averaged the results from using a terminal Adjusted EBITDA multiple approach and using a perpetuity growth rate approach. Rothschild used a terminal Adjusted EBITDA multiple range of approximately 9.0x to 10.0x and a perpetuity growth rate range of 1.5% to 2.5% for the Reorganized Debtors.